IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CIVIL APPELLATE JURISDICTION.

WRIT PETITION NO.6207 OF 2006

M/s VHCM Corporation,
through its proprietor
Mr Pradeep Ramchandra Vaidya, .. Petitioner
Vs
Bank of Baroda and anr. .. Respondents

Mr B.G.Tangsali, for the petitioner.

Mr R.V.Talasikar, for the respondents.

CORAM : D.B.BHOSALE,J.
DATE : 27.09.2006
PC:

1. Heard the learned counsel for the parties.

2. By this writ petition, the petitioner has impugned the order dated 18.8.2006, by which the petitioner's application at Exhibit-5 in Misc.Civil Appeal No.93 of 2006 has been rejected. By that application, the petitioner had prayed for temporary injunction restraining the respondent-Bank from disbursing any payment of the bank guarantee in favour of respondent no.2. I perused the order as also the bank guarantee placed on record. From the terms of the bank guarantee, it is crystal clear, the bank has undertaken to pay the amount guaranteed thereunder within 24 hours of the sum being demanded by respondent no.2-company without demur of objections and without

reference to the petitioner-company and without questioning the right of respondent no.2-company to make such demand or the propriety or legality of the demand. It is now well settled that a contract of guarantee is a complete and separate contract by itself. The law regarding enforcement of an "on-demand bank guarantee" is very clear. If the enforcement is in terms of the guarantee, then courts must not interfere with the enforcement of the bank guarantee. The court can only interfere if the invocation is against the terms of the guarantee or if there is any fraud. The present case does not fall in either of these categories. In my opinion, the impugned order does not suffer from any infirmity warranting interference by this Court under Article 227 of the Constitution of India. The order impugned is just and proper and the learned Judge has rightly rejected the application filed by the petitioner. The writ petition is accordingly dismissed. The interim order, if any, stands vacated.

(D.B.BHOSALE,J.)